
Briefing Materials for FY2009Q2 Settlement of Accounts

November 18, 2008



(JASDAQ Code: 6425)

Disclaimer

Future plans, prospects, targets and forecast figures associated with ARUZE CORP. and its affiliated companies and other statements concerning the future as featured within these materials represent judgments and assumptions made based on information currently available, and as such may contain potential risk and uncertainties.

Consequently, please be aware that actual financial results for the future may differ significantly from statements contained herein regarding the above due to the future business environment, economic circumstances, financial markets and other various factors.

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I. Summary of FY2009Q2 Consolidated Business Results

Consolidated P/L Statement (Simplified)

(Unit: Million JPY)

Item	FY2008 (1 yr)	FY2009Q2 (6 mths)	FY2008Q2 (6 mths)	Comparison w/Same Period in Previous FY		
				Difference	Ratio of Increase/Decrease	Primary Reason for Increase/Decrease
Net Sales	72,133	10,593	37,495	(26,902)	(71.7%)	Decrease in Pachislot machines installed
Cost of Sales	31,671	5,675	15,756	(10,081)	(64.0%)	Decrease in Pachislot machines installed
Gross Profit	40,462	4,918	21,738	(16,820)	(77.4%)	Decrease in Pachislot machines installed
Selling, General & Administrative Expenses	24,374	12,160	12,367	(207)	(1.7%)	
Operating Income or Operating Loss ()	16,088	(7,242)	9,371	(16,613)	(177.3%)	Decrease in Pachislot machines installed
Non-Operating Income	7,778	7,348	4,928	2,420	49.1%	Increase in equity in earnings of affiliates
Non-Operating Expenses	555	659	178	481	270.2%	Impact of foreign exchange losses
Ordinary Income or Ordinary Loss ()	23,311	(553)	14,121	(14,674)	(103.9%)	Decrease in Pachislot machines installed
Extraordinary Income	20,394	377	4,337	(3,960)	(91.3%)	
Extraordinary Loss	2,795	284	1,378	(1,094)	(79.4%)	
Net Profit or Net Loss () before Taxes and Adjustments for Q2	40,910	(459)	17,080	(17,539)	(102.7%)	Decrease in Pachislot machines installed
Tax Expenses	2,932	834	1,661	(827)	(49.8%)	Reversal of deferred tax assets
Minority Shareholders' Loss ()	(107)	0	42	(42)	(100%)	
Net Profit or Net Loss (-) for Q2	38,086	(1,294)	15,461	(16,755)	(108.4%)	Decrease in Pachislot machines installed
Net Income or Net Loss () per Share for Q2 [JPY]	476.52	(16.19)	187.75	(203.94)	(108.7%)	

Consolidated B/S (Simplified)

(Unit: Million JPY)

Assets

Item	FY2008 (1 yr)
Current Assets	108,543
Cash and Deposits	32,613
Short-Term Investment Securities	23,391
Non-Current Assets	76,267
Property, Plant and Equipment	19,764
Investments and Other Assets	55,443
Total Assets	184,826

FY2009Q2 (6 mths)	Comparison w/End of Previous FY		
	Difference	Ratio of Increase/Decrease	Primary Reason for Increase/Decrease
51,117	(57,426)	(52.9%)	
5,459	(27,154)	(83.3%)	
832	(22,559)	(96.4%)	
113,249	36,982	48.5%	
20,513	749	3.8%	
91,811	36,368	65.6%	
164,378	(20,448)	(11.1%)	

Liabilities/Net Assets

(Unit: Million JPY)

Item	FY2008 (1 yr)
Current Liabilities	27,849
Short-term Interest-bearing Liabilities	3,222
Non-Current Liabilities	9,650
Long-term Interest-bearing Liabilities	5,069
Total Liabilities	37,499
Shareholders' Equity	147,584
Valuation and Translation Adjustments, Subscription Rights to Shares and Minority Interests	(257)
Total Net Assets	147,327
Total Liabilities and Net Assets	184,826

FY2009Q2 (6 mths)	Comparison w/End of Previous FY		
	Difference	Ratio of Increase/Decrease	Primary Reason for Increase/Decrease
21,949	(5,900)	(21.2%)	
7,814	4,592	142.5%	Increase in short-term loans payable
6,671	(2,979)	(30.9%)	
3,085	(1,984)	(39.1%)	
28,621	(8,878)	(23.7%)	
141,493	(6,091)	(4.1%)	Payment of dividends
(5,737)	(5,480)	(2,132.3%)	Foreign currency translation adjustment
135,757	(11,570)	(7.9%)	
164,378	(20,448)	(11.1%)	

II. Future Outlook of Three Core Businesses

ARUZE'S Long Term Vision

To become a global entertainment company.



1. Japanese Pachislot & Pachinko Business



[Pachislot]



[Pachinko]

Establish the business as one yielding steady income through maintaining position in the Type 5 era and reentering the Pachinko market

2. Overseas Casino Gaming Machine Business



Domain being newly cultivated and developed

3. Casino Resort Operation Business



Currently progressing with creation of casino resort on ARUZE's own terms in addition to investment in Wynn Resorts

Japanese Pachislot and Pachinko Business

Q2 Business Performance

Unabated player exodus and drop in parlor purchasing volition causes Pachislot market to further shrink

ARUZE's sales framework and policy not fully implemented

Sales stunted, resulting in failure to meet targets

Future Outlook

Aggressive sales of updated models to help alleviate cost burden on parlors suffering from inhibited cash flow, **forging of strong bonds of trust** with parlors and **stimulation of parlor volition to replace machines** on a regular basis

Through forming sales teams respectively specialized in rental and outright sales as a means of cultivating new customers, increasing the number of potential customers by decreasing the minimum number of rental units per parlor and other methods, **conduct a fundamental reconstruction of ARUZE's sales framework**

HQ will directly conduct the administration, training and guidance of new and existing sales employees as a means of **creating an organization capable of prompt response**

Reenter Pachinko market and introduce a new, "ARUZE-like" Pachinko product

Sales targets for 2nd Half: Pachislot 150,000 units, Pachinko 50,000 units (see below)

Pachislot Release Titles	Release Date	Actual Installations for 1 st Half (incl. previously released titles)	
<ul style="list-style-type: none"> ·Arex 7R ·King Gappa ·Ultimate Break Kobushi 	Apr. 2008 May 2008 May 2008	Q1 total 10,700 units	
<ul style="list-style-type: none"> ·Getter Robo ·Bachihebinocchi ·Dotō No Tsurugi 	Jul. 2008 Aug. 2008 Sept. 2008		Q2 total 23,900 units
<ul style="list-style-type: none"> ·8 titles (tentative) 	2 nd Half		2 nd Half target: 150,000 units
Pachinko Release Titles	Release Date	Actual Installations for 1 st Half (incl. previously released titles)	
<ul style="list-style-type: none"> ·Titles unannounced 	2 nd Half	2 nd Half target: 50,000 units	

Most Recently Released Pachislot Titles

Ultimate Break Kobushi



Getter Robo



Bachihebinocchi



Dotō No Tsurugi



Japanese Pachislot and Pachinko Business

Sales Reinforcement Measures:

1 Sales Framework (Sales Capability)

Divide framework across specialized new rental, sales and existing customer teams
Strengthen framework through consolidating sales capability and improving data gathering

2 Location (Machine Capability)

Conduct location test in market prior to release
Release only the products that have attained a certain level of market acceptance

3 R&D/Sales Co-op Framework (Development Capability)

Establish Development/Sales Project Promotion Office
Share information obtained by sales department with R&D department to strengthen development capability

4 Rental Product Revision (Product Capability)

Promptly ascertain market conditions, revise a portion of rental products according to the market and boost market appeal
[Make rental-based machine installations possible from 5 units and up
/make transfer of rental units possible across chain parlors]

5 Pachinko (New Entry)

Full-fledged introduction of Pachinko products to the market this FY
Establish marketing framework and apply concerted sales capability

Overseas Casino Gaming Machine Business

ARUZE intends to have our overseas casino gaming machine business fully on track during FY2009, with the goal of becoming the world's number one gaming business company.

To achieve this end, we will conduct the following measures:

Measure Further expand upon ARUZE brand through the introduction of new game concepts

- Release of idea-based products equipped with revolutionary functions such as "Rescue Spin," a variation on the popular Rescue Pay consisting of an insurance system that returns both credits and free games to the player



Measure Conduct global business rollout through four overseas bases with the US and Macau as the core

1. Asian Market
 - Erect sales branch this November in booming Macau market, which currently boasts the world's highest gaming-based revenues, and establish accompanying framework.
 - Seek to expand sales through more prompt and thorough response to customers.
2. N. Amer. Market
 - Fully initiate sales to Nevada market following network test. Reentry into US market to finally commence.
 - Establish new sales framework by November and successively increase number of approved titles (4 at present).
 - Aim to expand sales of popular Tiger series to Native American casinos.
3. African Market
 - Actively market machines to areas outside South Africa.
 - Release reissue of popular titles under Universal brand, ARUZE's predecessor, to recapture former market share.
4. Oceania Market
 - Exhibited products at AGA game show held in Sydney on August 24 to much acclaim.
 - Establish ARUZE brand through G-Wave tournament machines.

Measure Strengthen development of new titles

- Scheduled successive release of multi-line video slot machines, the current mainstream.

Measure Factory in Philippines

- Established factory in Philippines (AGA Philippines, Inc.); scheduled to commence operation this December.
- Aim to reduce production costs and bring together manufacturing functions.



Casino Resort Operation Business (WYNN)

Resorts Owned and Operated by WYNN



Wynn Las Vegas



Wynn Macau

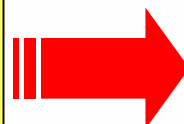
Individual WYNN Resort Performance During Q2

High customer win %, etc. continued from Q1, causing revenues to drop 11.9% from the same period last year to US\$295,261,000; however, operating losses in Q1 were recovered with US\$20,299,000 in operating income achieved.

Continues to perform solidly with revenues increasing 50.3% from the same period last year to US\$529,896,000, operating income increasing 93.4% to US\$102,943,000, etc.

Other FY2008Q2 Highlights:

Record net revenues (US\$825,160,000)
 Macau deferred tax benefit in amount of US\$140,700,000
 US\$318,710,000 (approx. 33,337,000,000 yen) posted in net income for WYNN's Q2



ARUZE posted 6,713,000,000 yen in equity in earnings on affiliates under non-operating income based on ARUZE's holding percentage of 22.7%.

Casino Resort Operation Business (WYNN)

Both Wynn Las Vegas and Wynn Macau continue to demonstrate high levels of competitiveness in their respective markets, generating expectations for sustained positive business results to continue steadily contributing to ARUZE's bottom line.

Development projects in key markets of Las Vegas and Macau continue to progress smoothly.

*Both projects are fully financed.

		Apr-Jun 2008 (Q2)	
		ADR	Occu. Rate
Las Vegas	Wynn Resorts (Wynn Las Vegas)	US\$302	96.5%
	Las Vegas Sands (Venetian Las Vegas, Palazzo)	US\$244	91.8%
	MGM Mirage (Ave. of Hotels on LV Strip)	US\$155	97.0%
	Reference: Mkt. Aver.	US\$128	89.7%
Macau	Wynn Resorts (Wynn Macau)	US\$277	87.9%
	Las Vegas Sands (Venetian Macau)	US\$225	80.2%
	Melco PBL (Crown Macau)	US\$236	97.0%
	Reference: Mkt. Aver.	US\$86	75.4%

Las Vegas

“Encore at Wynn Las Vegas”

- Total cost of investment: US\$2.3 bil.
- 2,034 rooms
- Scheduled to open Dec. 22, 2008

Macau

“Encore at Wynn Macau”

- Total cost of investment: US\$700 mil.
- 400 rooms
- Scheduled to open 1st half of 2010

Point:

An ongoing share buyback conducted by Wynn Resorts resulted in the total number of outstanding WYNN shares to decrease. Accordingly, ARUZE holding percentage in the company increased (End of Q1: 22.0% End of Q2: 22.7%)

Increase in contribution to profits in the form of equity in earnings of affiliates can be expected

Casino Resort Operation Business (Philippines)

Casino Project in the Philippines

1. Planned operation of casino resorts in Philippines on ARUZE's own terms
2. Project being conducted by in-house team consisting primarily of reputed specialists in hotel-affiliated industries in order to ensure the creation and operation of world-class facilities

Outline of Casino Project

(1) Site Acquired	Plots of land adjacent to "Bagong Nayong Pilipino Entertainment City Manila"	
(2) Primary Facilities	2,000-room hotel, 20,000 m ² -plus casino, 3,000-m ² ballroom (largest in Manila area), aquarium (largest in Asian region), art museum, sports facilities, Ferris wheel, shopping mall, etc.	
(3) Business Scale	Estimated total of approx. 250 billion JPY	
(4) Schedule	Apr. 2008	Commencement of outline design
	Jul. 2008	Acquisition of site (approx. 30 hectares)
	Aug. 2008	Acquisition of provisional license, commencement of detailed design
	Mar. 2009	Completion of design
	Apr. 2009	Completion of estimates, commencement of construction
	Nov. 2011	Scheduled opening of casino resort

Casino Resort Operation Business (Philippines)



Image of resort upon completion (garden view)

Aim

- Target increase in tourists in Asian region
- Establish area to accommodate wealthy sect created by economic growth in China and rest of Asia
- Supply the ultimate in hospitality in an naturally-beautiful environment easily accessible from major Asian cities
- Create the top casino resort in the world

Concept

- Contribute to the local area
 - Aquarium, facilities for children, Ferris wheel, etc.
- Separate VIP and general tourist facilities
 - Super top-class facilities modeled after WYNN to serve as the project core
- Emphasize harmony with nature and consideration of environment



Image of resort upon completion (entrance view)

Business Performance Forecast for FY2009

Consolidated (Unit: Million yen)

	Full Year
Net Sales	62,000
Operating Income	10,000
Ordinary Income	18,000
Net Income	11,000

Non-Consolidated (Unit: Million yen)

	Full Year
Net Sales	26,000
Operating Income	2,800
Ordinary Income	2,800
Net Income	1,700

Issues for 2nd Half of FY

Pachislot: Actively boost sales of new replacement models through intensified parlor visits, cultivate bonds of trust with parlors and stimulate their volition to regularly replace titles

Plans to install 150,000 units on the market

Pachinko: Introduce new, revolutionary model previously unavailable on Pachinko market, which is exhibiting steady levels of operation

Plans to sell 50,000 or more units

Overseas Casino Gaming Machines: All-out appeal of ARUZE products at G2E show held in Las Vegas this November, etc.; new Macau branch to help handle expansion in casino demand

Full-fledged commencement of business expansion

III. Reference

Company Profile

Headquarters: Ariake Frontier Bldg., 3-1-25 Ariake, Koto-ku, Tokyo, 135-0063 Japan

Date of Incorporation: June 1973

No. of Employees: 1,332 consolidated; 200 non-consolidated (As of September 30, 2008)

Offices: 2 factories, 24 domestic sales offices, 3 overseas offices

Total No. of Shares Outstanding: 80,195,000 (As of September 30, 2008)

No. of Shareholders: 5,873 (As of September 30, 2008)

Major Shareholders:

Name	Number of Shares Held	Holding %
Kazuo Okada	25,228,300	31.5%
Tomohiro Okada	23,615,600	29.5%
Goldman Sachs (Regular) Account	7,263,200	9.0%
Hiromi Okada	5,325,000	6.6%
Hiroko Yokotsuka	2,390,000	3.0%
Morgan Stanley Company	1,215,400	1.5%
JP Morgan Chase Bank	879,600	1.1%

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